



Results DNB Group

Third quarter 2020

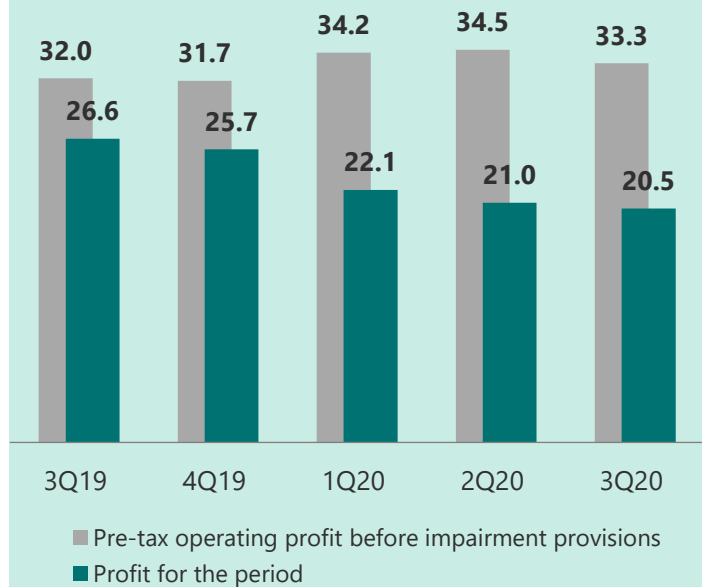
Kjerstin R. Braathen (CEO)
Ottar Ertzeid (CFO)

Q3

Positive development with higher activity than expected

Profit for the period

NOK billion, trailing 12-month figures



Return on equity of 9.5 per cent in 3Q20

Healthy loan growth in the personal customers and SME¹⁾ segments, strong other operating income and reduced impairment provisions

Net interest income down 1.6 and 6.9 per cent from 2Q20 and 3Q19, respectively

The reduction from 2Q20 is mainly driven by currency effects

Net commissions and fees down 1.0 per cent compared with 2Q20, up 2.1 per cent from 3Q19

Solid growth in all areas except money transfer and banking services

Net impairment provisions of NOK 0.8 billion

Impairment provisions mainly in the oil, gas and offshore segment – partly offset by reversals in the personal customers segment

CET1 capital ratio²⁾ up 70 basis points to 18.9 per cent from 2Q20

Allocated DPS³⁾ of NOK 9 for 2019 and 50 per cent of profit for 2020 are not included in the CET1 capital ratio

1) SME: Small and medium-sized enterprises.

2) CET1: Common equity Tier 1.

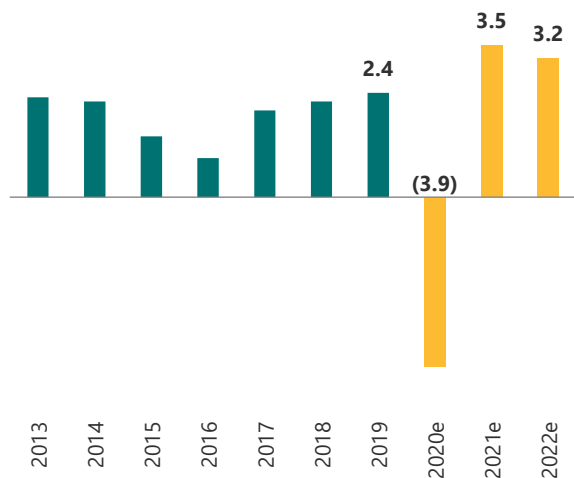
3) DPS: Dividend per share.

The Norwegian economy continues to recover

- The immediate recovery of the Norwegian economy progressed at a rapid pace, but the pace is expected to slow down going forward
- A key policy rate at zero per cent has led to a strong boost in liquidity for most households, further boosting the recovery
- Housing prices rose 0.3 per cent in August and 1.3 per cent in September, adjusted for seasonal effects, and are 5.8 per cent higher than in 3Q19
- Registered unemployment has come down by close to two thirds since peaking in April, and is now at 3.7 per cent

Mainland real GDP growth

YoY, per cent



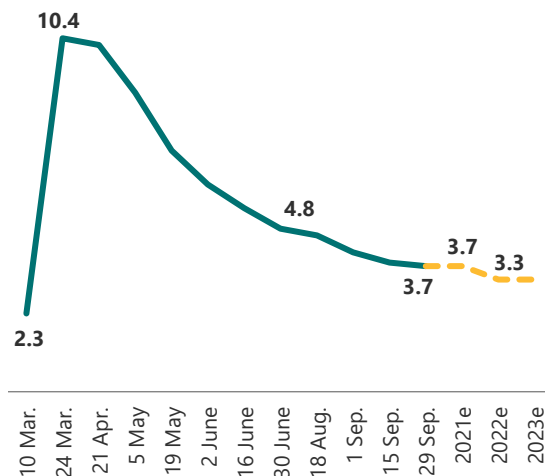
Key policy rate

Per cent



Registered unemployment

Full-time unemployment, per cent

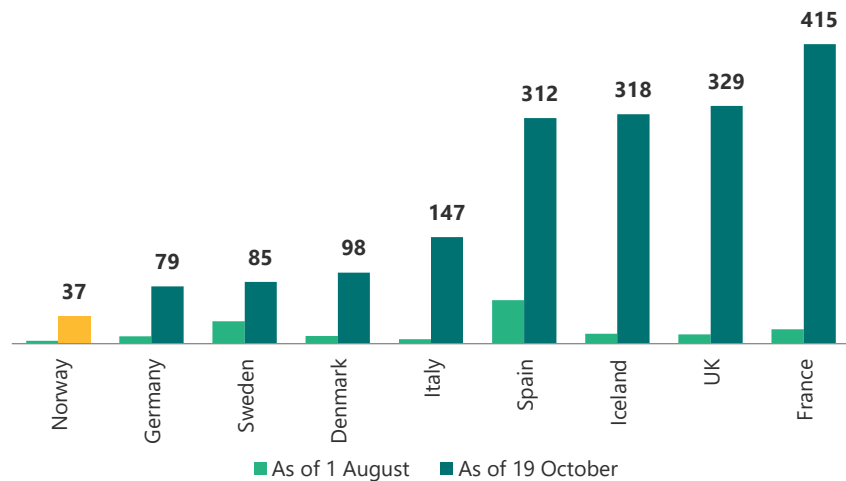


The spread of the virus remains well contained in Norway, and there is ample fiscal room to manoeuvre if necessary

- In line with other Western countries, Norway has experienced an increase in new COVID-19 cases
 - Most outbreaks have been limited to local areas and have been successfully contained and managed
- Expected use of the Norwegian oil fund in the national budget for 2020 is 3.9 per cent and 3.0 per cent for 2021¹⁾, leaving room for further measures
 - Current cost impact related to the pandemic in the Government budget for 2020 is estimated to be approximately NOK 192 billion²⁾

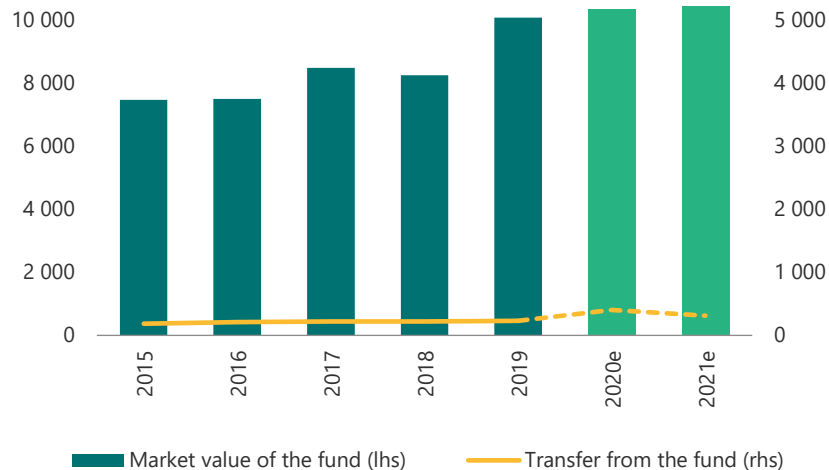
COVID-19 cases

14-day cumulative number of cases per 100 000 persons



Flexible fiscal room to manoeuvre

Norway's oil fund, NOK billion



1) The fiscal rule states that transfers over time from the Norwegian Government Pension Fund Global (the oil fund) to the annual national budget should not be higher than the expected real return of the fund, estimated to 3 per cent p.a. (reduced from 4 per cent in 2017).

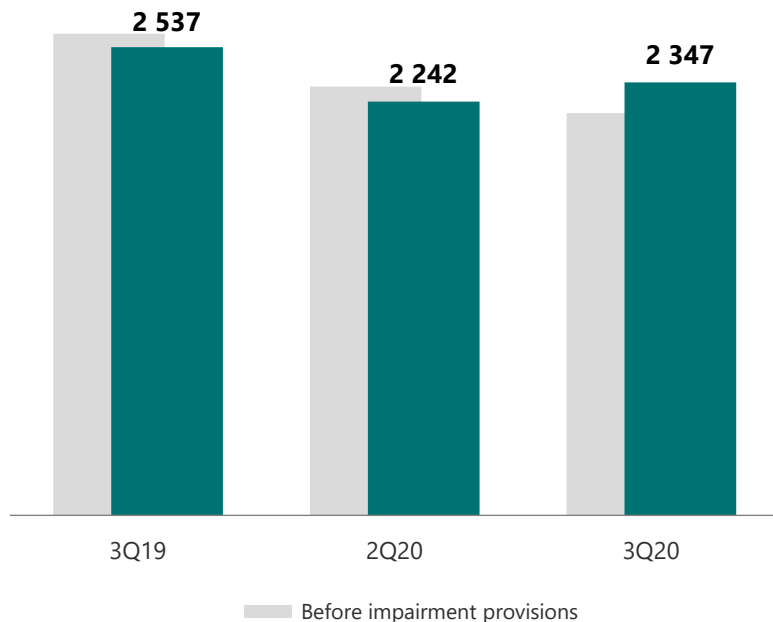
2) Unadjusted deficit in the Government budget for 2020 is estimated to be NOK 433 billion, compared with NOK 241 billion in the revised budget.

Sources: The Norwegian Institute of Public Health (FHI), DNB Markets, Norwegian Ministry of Finance, European Centre for Disease Prevention and Control.

Personal customers – strong growth in loans and savings

Pre-tax operating profit

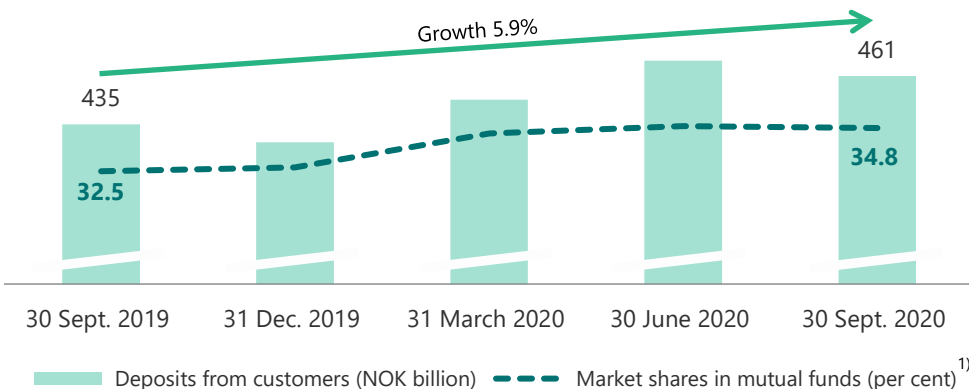
NOK million



Highlights in the quarter

- Loans to customers up 1.4 per cent from 30 June 2020
- Reversals of impairment provisions reflecting the robust portfolio
- Increased sales of mutual funds and assets under management – relaunched the campaign #huninvesterer (#girlsinvest) with focus on pension savings

Strong development in savings

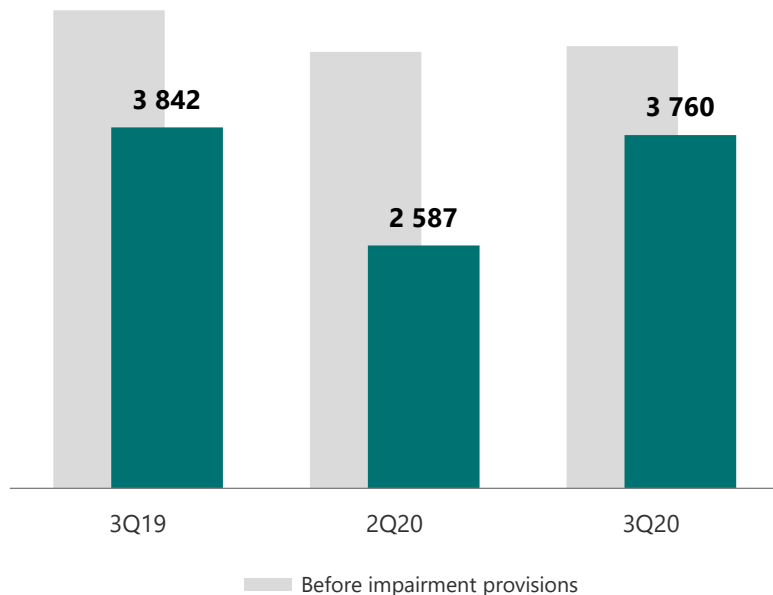


1) Source: Norwegian Fund and Asset Management Association.

Corporate customers – stable revenues despite COVID-19 effects

Pre-tax operating profit

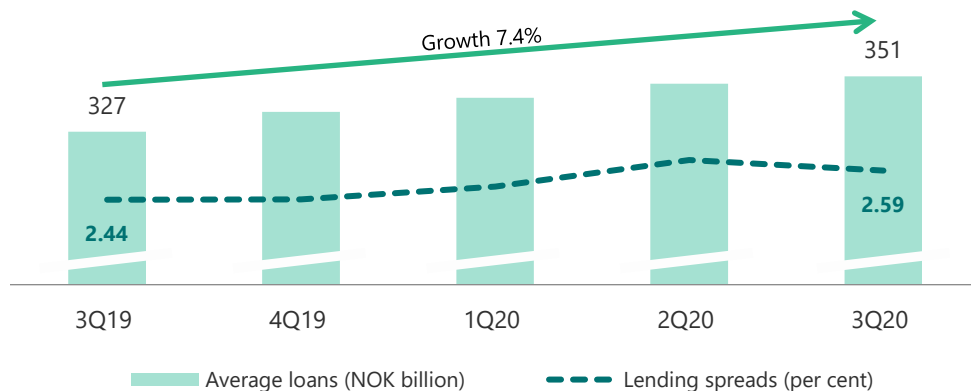
NOK million



Highlights in the quarter

- High capital markets activity
- Sound asset quality and lower impairment provisions in the portfolio except for offshore
- Increase in profitable lending to small and medium-sized enterprises (SME)

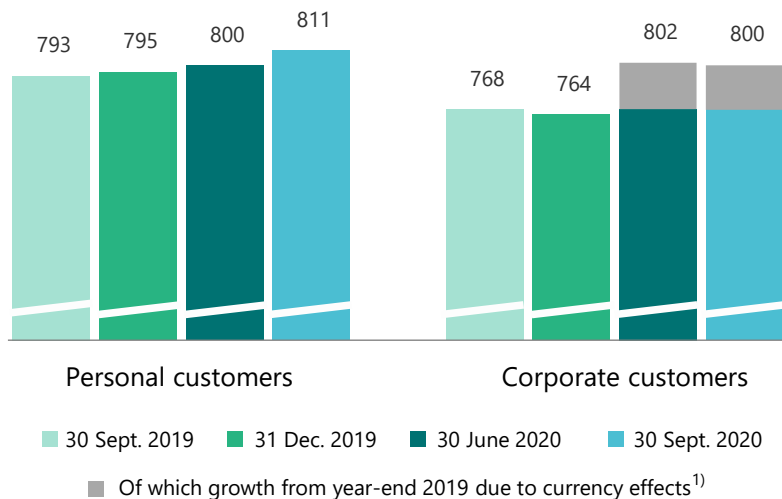
Lending growth combined with increased spreads in SME



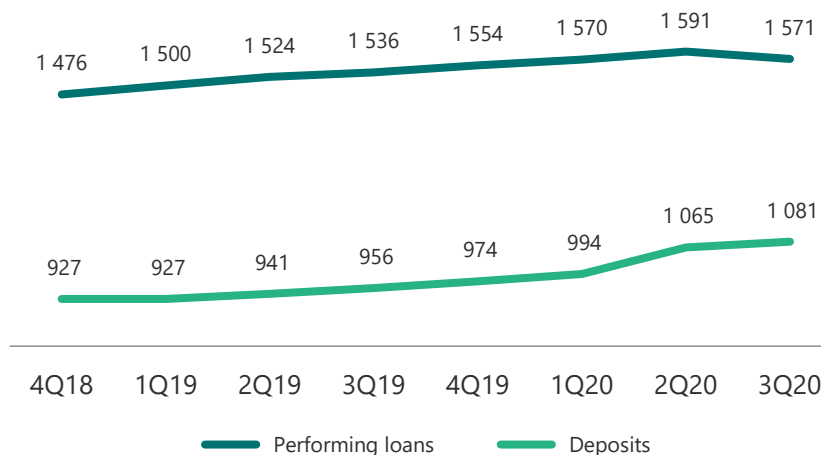
Increased loans to personal and SME customers and growth in deposits

- Loan growth in the quarter was 0.6 per cent (0.7 per cent currency adjusted)
 - Personal customers: 1.4 per cent, small and medium-sized enterprises: 1.8 per cent, large corporates: -1.8 per cent
- Deposit growth in the quarter was 2.6 per cent (2.7 per cent currency adjusted)
- Loan and deposit volumes at quarter-end were 2.0 and 1.7 per cent above average volumes, respectively

Loans per customer segment
NOK billion



Average loans and deposits in the customer segments
NOK billion

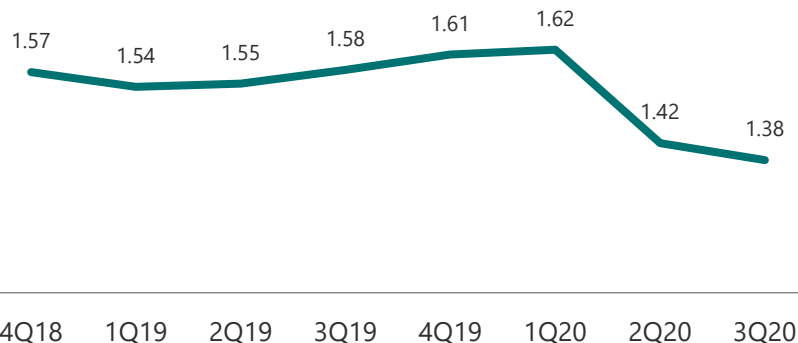


1) Currency effects from year-end 2019: NOK 34 billion as at 30 June and NOK 32 billion as at 30 September.

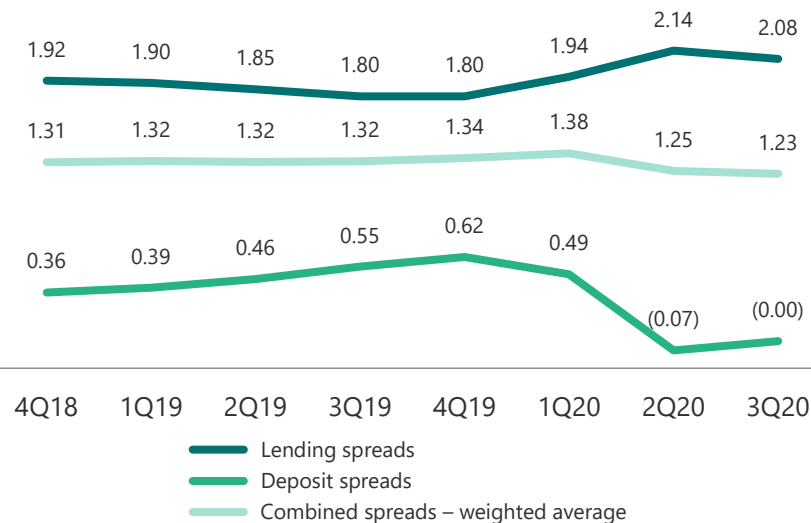
Net interest margin affected by lower interest rates

- Norges Bank reduced the key policy rate from 1.50 to 0.25 per cent in March and to 0 per cent in May
- A small decrease in weighted spreads from 2Q20 due to portfolio mix effects:
 - Increased deposits to loan ratio
 - Personal customers segment becoming a larger part of the total

Net interest margin¹⁾
Per cent



Spreads in customer segments
Per cent



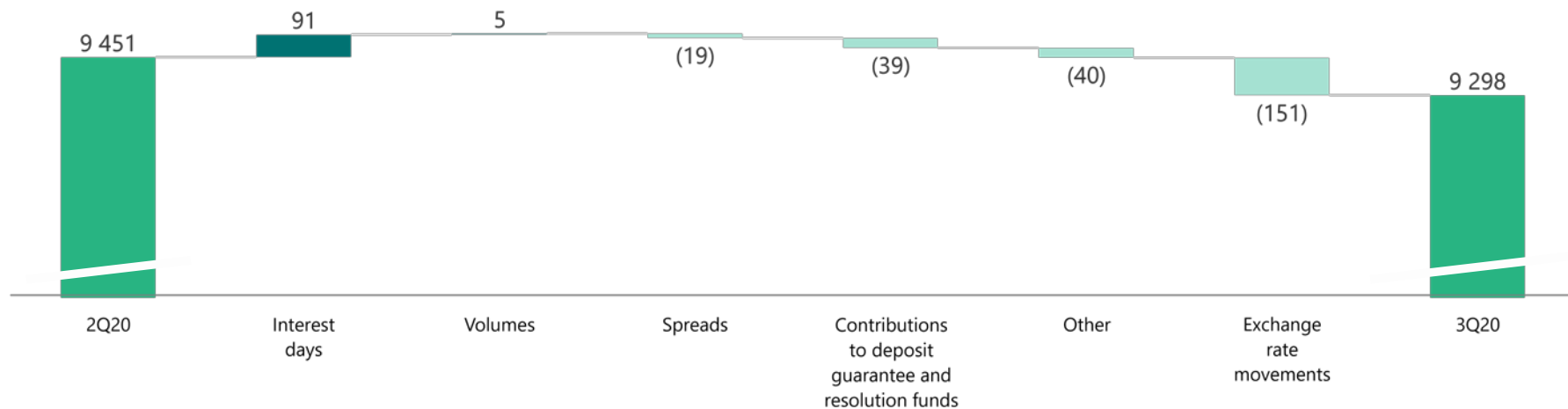
1) Total net interest income relative to average loans and deposits in the customer segments.

Net interest income affected by exchange rate movements

- Average volumes negatively affected by exchange rate movements – reduced net interest income
- Overall stable spreads from 2Q20 – full effect of customer repricing reflected

Net interest income from 2Q20 to 3Q20

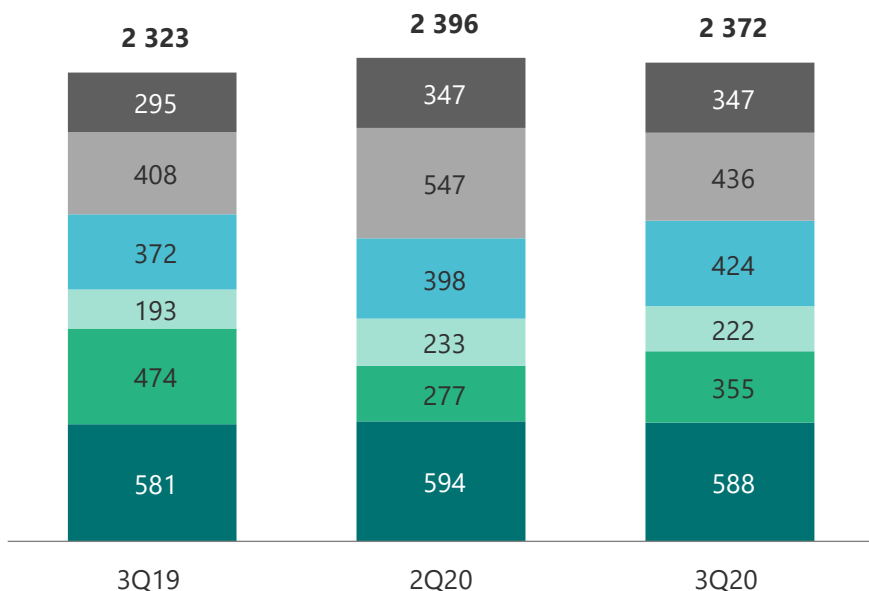
NOK million



Income from commissions and fees – strong performance despite COVID-19

Commissions and fees

NOK million



- **Real estate broking**

High activity in seasonally slow quarter, income up 18 per cent from 3Q19

- **Investment banking services**

High activity in the capital markets, income up 7 per cent from 3Q19 – strong pipeline

- **Asset management and custodial services**

Increased asset values and net inflow, gaining market shares in mutual funds – income up 14 per cent from 3Q19

- **Guarantee commissions**

Up 15 per cent from 3Q19

- **Money transfer and banking services**

Still affected by low international travel activity, down 25 per cent from 3Q19 – positive development from 2Q20, up 28 per cent

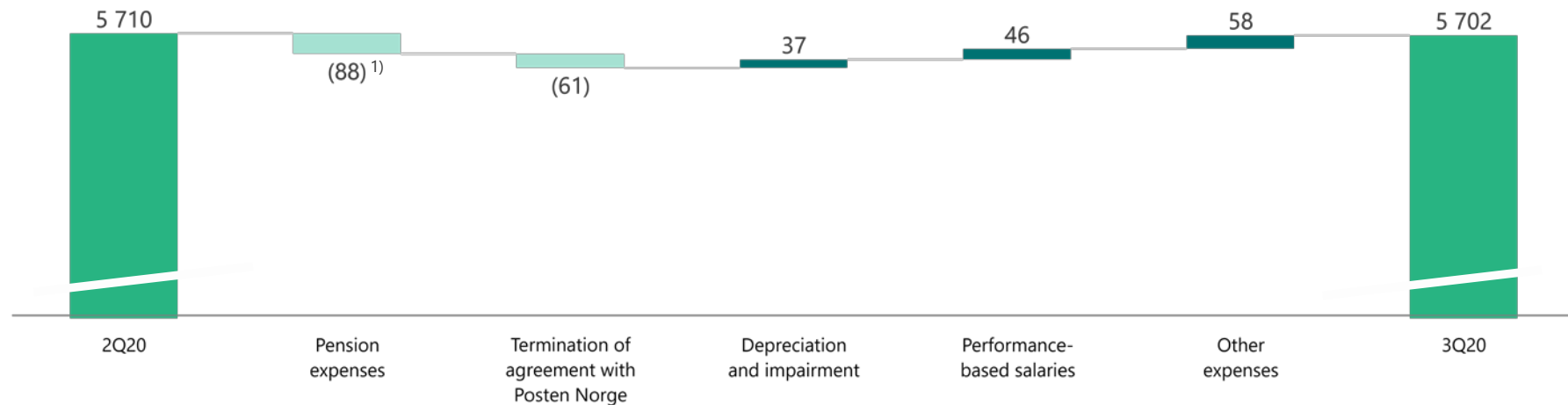
- **Sale of insurance products**

1 per cent increase from 3Q19

Stable nominal expenses

- The banking services agreement with Posten Norge (the Norwegian postal service) terminated
- Level of activity in the quarter affected by COVID-19

Operating expenses from 2Q20 to 3Q20 NOK million



1) The scheme is partly hedged, a reduced gain of NOK 74 million recognised in mark-to-market adjustments in net gains on financial instruments.

Impairment provisions mainly within the oil, gas and offshore segment

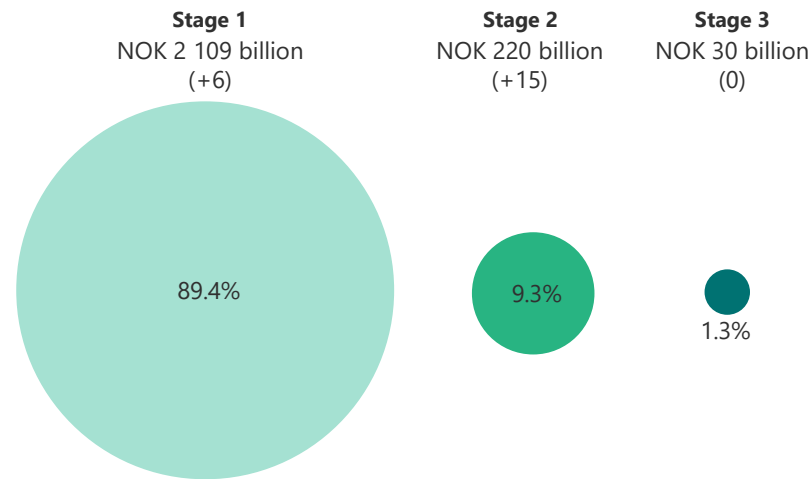
- Reversals of impairment provisions in the personal customers segment reflected the robust portfolio and a more positive development than expected
- Individual impairment provisions in the oil, gas and offshore segment, partly offset by reversals in stages 1 and 2

Impairment of financial instruments per industry segment

NOK million

	3Q20	2Q20	1Q20
Total	(776)	(2 120)	(5 771)
Of which:			
Personal customers			
- Stages 1 and 2	380	24	(405)
- Stage 3	(20)	(67)	(117)
Corporate customers^{*)}			
- Stages 1 and 2	636	558	(2 403)
- Stage 3	(1 773)	(2 636)	(2 847)
 ^{*) Of which oil, gas and offshore:}			
- Stages 1 and 2	294	861	(1 050)
- Stage 3	(1 331)	(2 724)	(1 555)

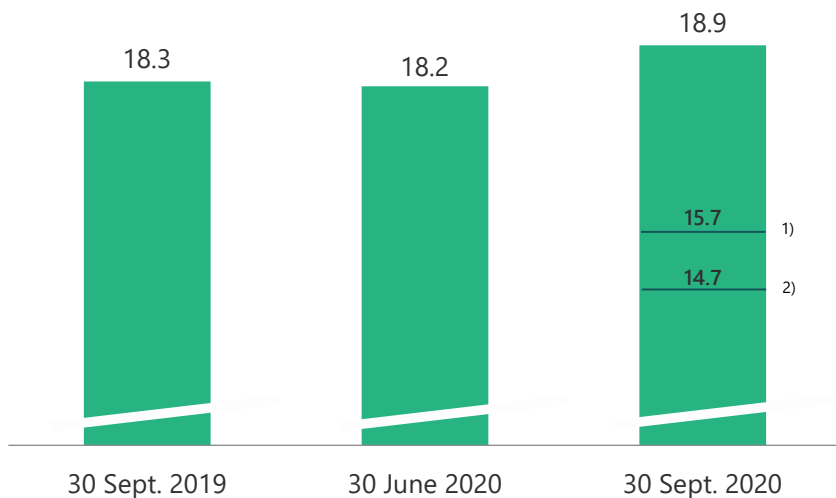
Maximum exposure (on- and off-balance sheet items), net of accumulated impairment provisions



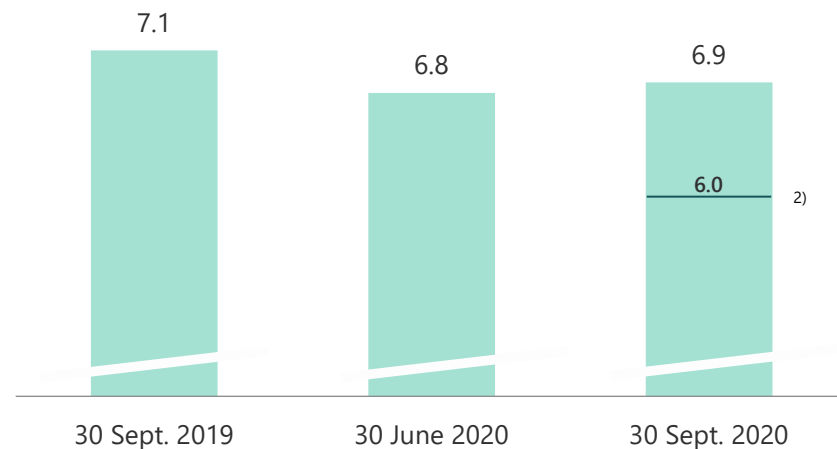
Increased CET1 capital ratio and leverage ratio

- All-time high CET1 capital ratio and comfortable headroom to regulatory expectations
- Allocated dividend per share of NOK 9 for 2019 and 50 per cent of profit for 2020 are not included in the CET1 capital ratio

CET1 capital ratio
Per cent



Leverage ratio
Per cent



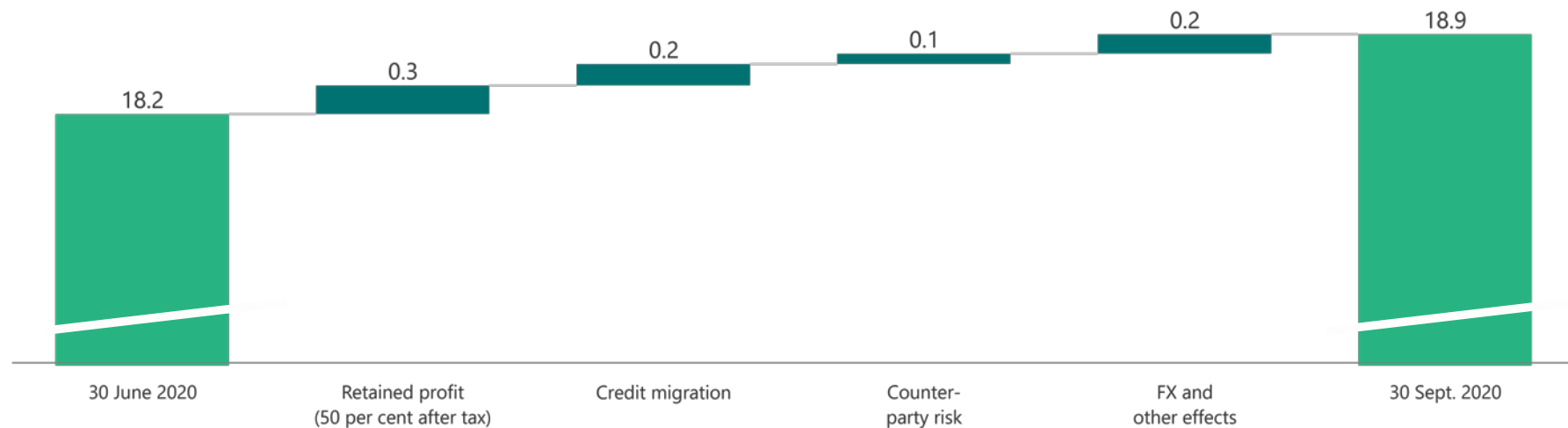
1) Supervisory authorities' expectation.
2) Requirement.

Strong development in CET1 capital ratio

- Retained profit contributing with approximately 30 basis points in the quarter
- Positive counterparty risk and other foreign exchange effects from stronger NOK

Development in CET1 capital ratio from 30 June 2020 to 30 September 2020

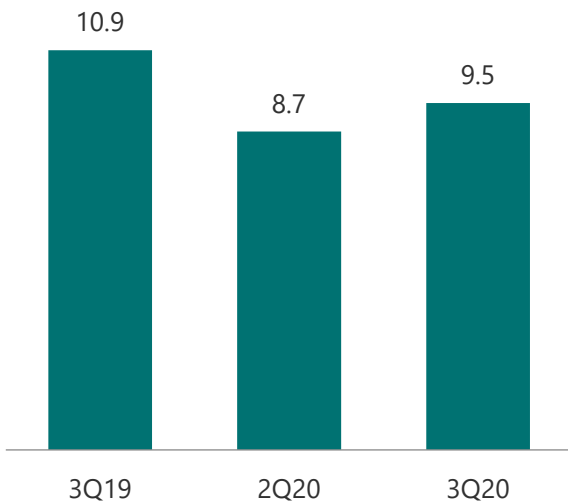
Per cent



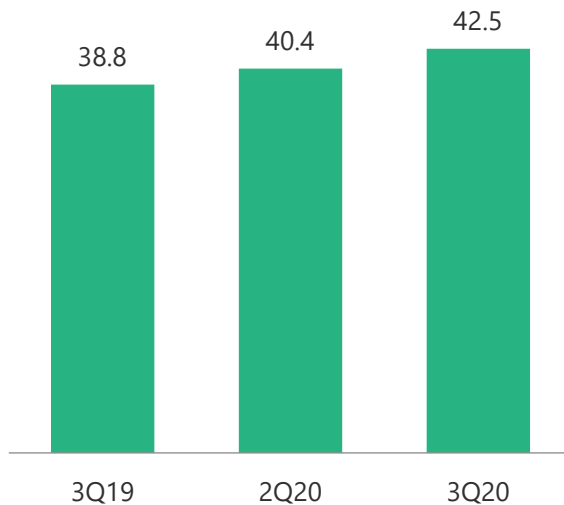
Strong underlying operating performance

- Return on equity of 9.5 per cent despite an all-time high equity
- Earnings per share of NOK 8.76 year-to-date
- Tax rate for the full year expected to be 20 per cent in 2020 and 23 per cent in 2021 and 2022

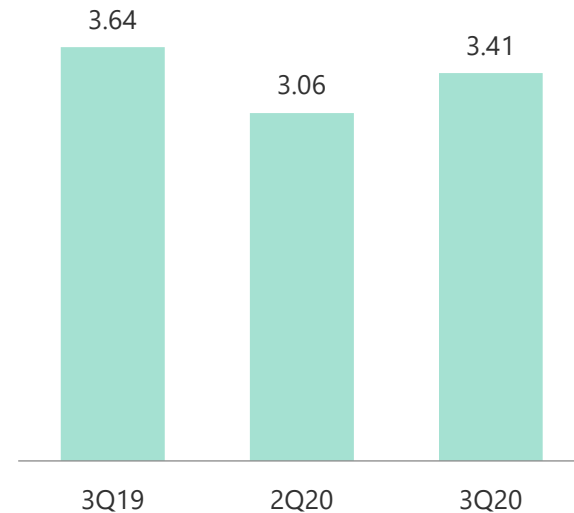
Return on equity
Per cent



Cost/income ratio
Per cent



Earnings per share
NOK



Extraordinary General Meeting to be held on 30 November 2020

Proposed resolutions for the extraordinary General Meeting

New legal structure

DNB Bank ASA is to become the parent company of the DNB Group, through a merger with DNB ASA

Exchange ratio for shares to be 1:1



Dividends¹⁾

Authorisation to the Board of Directors to decide on the distribution of dividends up to NOK 9 per share for 2019 in 2021

The proposed authorisation to apply from 1 January 2021 until the AGM²⁾ (no longer than until 30 June 2021)



Repurchase of own shares¹⁾

Authorisation to the Board of Directors to repurchase up to 4 per cent³⁾ of the company's share capital

The proposed authorisation to apply from 1 January 2021 until the AGM (no longer than until 30 June 2021)



1) Cash dividends will, in accordance with the dividend policy, be prioritised over repurchases of own shares.

2) AGM: Annual General Meeting.

3) 0.5 per cent to DNB Markets for hedging purposes.

DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this presentation may include forward-looking statements, such as statements of future expectations. These statements are based on the management's current views and assumptions, and involve both known and unknown risks and uncertainties.

Although DNB believes that the expectations reflected in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity, (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, or supranational entities.

DNB assumes no obligation to update any forward-looking statement.

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Results DNB Group

Third quarter 2020

**We are here.
So you can stay
ahead.**